

State of Arizona  
House of Representatives  
Forty-fifth Legislature  
First Regular Session  
2001

CHAPTER 384

# HOUSE BILL 2459

AN ACT

AMENDING SECTIONS 36-2921 AND 48-2203, ARIZONA REVISED STATUTES; MAKING APPROPRIATIONS; RELATING TO MEDICALLY UNDERSERVED PROGRAMS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 36-2921, Arizona Revised Statutes, is amended to  
3 read:

4 36-2921. Tobacco tax allocation

5 A. Subject to the availability of monies in the medically needy  
6 account established pursuant to section 36-774 the administration shall use  
7 the monies in the account in the following order:

8 1. The administration shall withdraw the amount necessary to pay the  
9 state share of costs for providing health care services to any person who is  
10 eligible pursuant to section 36-2901, paragraph 4, subdivisions (a), (c) and  
11 (h) and who becomes eligible for a heart, lung, heart-lung, liver or  
12 autologous and allogeneic bone marrow transplant pursuant to section 36-2907,  
13 subsection A, paragraph 11, subdivision (d) as determined by the  
14 administrator and to any person who is eligible pursuant to section 36-2901,  
15 paragraph 4, subdivision (b) and who becomes eligible for a lung or  
16 heart-lung transplant pursuant to section 36-2907, subsection A, paragraph  
17 11, subdivision (b), as determined by the administrator.

18 2. Beginning on August 1, 1995 and on the first day of each month  
19 until July 1, 1998, the sum of one million two hundred fifty thousand dollars  
20 shall be transferred from the medically needy account to the medical services  
21 stabilization fund for uses as prescribed in section 36-2922.

22 3. The administration shall withdraw the sum of nine million two  
23 hundred fifty-one thousand one hundred dollars in fiscal year 1998-1999 for  
24 deposit in the children's health insurance program fund established by  
25 section 36-2995 to pay the state share of the children's health insurance  
26 program established pursuant to article 4 of this chapter.

27 4. From and after August 1, 1995 and each year thereafter, the  
28 administration shall transfer the following monies to the department of  
29 health services to be allocated as follows if the department awards a  
30 contract:

31 (a) Five million dollars, for the mental health grant program  
32 established pursuant to section 36-3414.

33 (b) Six million dollars, for primary care services established  
34 pursuant to section 36-2907.05.

35 (c) Five million dollars, for grants to the qualifying community  
36 health centers established pursuant to section 36-2907.06, subsection A.

37 5. The administration shall transfer up to five hundred thousand  
38 dollars for fiscal years 1997-1998, 1998-1999 and 1999-2000 for pilot  
39 programs providing detoxification services in counties having a population  
40 of five hundred thousand persons or less according to the most recent United  
41 States decennial census.

42 6. The administration shall transfer up to two hundred fifty thousand  
43 dollars annually for fiscal years 1995-1996, 1996-1997, 1997-1998, 1998-1999  
44 and 1999-2000 for telemedicine pilot programs designed to facilitate the

1 provision of medical services to persons living in medically underserved  
2 areas as provided in section 36-2352.

3 7. The administration shall transfer up to two hundred fifty thousand  
4 dollars annually beginning in fiscal year 1996-1997 for contracts by the  
5 department of health services with nonprofit organizations that primarily  
6 assist in the management of end stage renal disease and related problems.  
7 Contracts shall not include payments for transportation of patients for  
8 dialysis.

9 8. Contingent on the existence of a premium sharing demonstration  
10 project fund, beginning October 1, 1996 and until September 30, 1999, the  
11 administration shall withdraw the sum of twenty million dollars in each of  
12 fiscal years 1996-1997, 1997-1998 and 1998-1999 for deposit in the premium  
13 sharing demonstration project fund established by section 36-2923 to provide  
14 health care services to any person who is eligible for an Arizona health care  
15 cost containment system premium sharing demonstration program enacted by the  
16 legislature. The Arizona health care cost containment system premium sharing  
17 demonstration program enacted by the legislature shall not be an entitlement  
18 program. Beginning on October 1, 1997, the administration shall annually  
19 withdraw monies from the medically needy account not to exceed four per cent  
20 of the sum of any monies transferred pursuant to this paragraph for  
21 administrative costs associated with the premium sharing demonstration  
22 project. Administrative costs in excess of two per cent shall be funded from  
23 the interest payments from the twenty million dollars withdrawn from the  
24 medically needy account to fund the premium sharing program pursuant to this  
25 paragraph.

26 9. Subject to the availability of monies, the Arizona health care cost  
27 containment system administration shall transfer to the department of health  
28 services up to five million dollars in fiscal years 1996-1997 and 1997-1998  
29 and two million five hundred thousand dollars in fiscal year 1998-1999 for  
30 providing nonentitlement funding for a basic children's medical services  
31 program established by section 36-2907.08. The administration may also  
32 withdraw and transfer to the department amounts for program evaluation and  
33 for administrative costs as prescribed in section 36-2907.08.

34 10. Subject to the availability of monies, the sum of one million  
35 dollars shall be transferred annually to the health crisis fund for use as  
36 prescribed in section 36-797.

37 11. Subject to the availability of monies, the Arizona health care cost  
38 containment system administration shall transfer to the aging and adult  
39 administration in the department of economic security the sum of five hundred  
40 thousand dollars annually beginning in fiscal year 1997-1998 for services  
41 provided pursuant to section 46-192, subsection A, paragraph 4. Services  
42 shall be used for persons who meet the low income eligibility criteria  
43 developed by the aging and adult administration.

44 12. Subject to the availability of monies, the Arizona health care cost  
45 containment system administration shall transfer to the department of health

1 services the sum of two hundred thousand dollars annually beginning in fiscal  
2 year 1998-1999 for contracts entered into pursuant to section 36-132,  
3 subsection D, with hospitals that are licensed by the department of health  
4 services and that perform nonrenal organ transplant operations. These  
5 contracts shall not include payments for transportation to and from treatment  
6 facilities.

7 13. Subject to the availability of monies, the Arizona health care cost  
8 containment system administration shall annually transfer to the department  
9 of health services the sum of one hundred eleven thousand two hundred dollars  
10 to implement the rural private primary care provider loan repayment program  
11 established pursuant to section 36-2174. The department shall not use these  
12 monies for administrative costs. The transfers made pursuant to this  
13 paragraph are exempt from the provisions of section 35-190 relating to  
14 lapsing of appropriations.

15 14. SUBJECT TO THE AVAILABILITY OF MONIES, THE ARIZONA HEALTH CARE COST  
16 CONTAINMENT SYSTEM ADMINISTRATION SHALL TRANSFER ANNUALLY TO THE DEPARTMENT  
17 OF HEALTH SERVICES THE SUM OF ONE HUNDRED FIFTY THOUSAND DOLLARS TO ASSIST  
18 HEALTH SERVICE DISTRICTS IN PERFORMING THEIR SERVICES AND TO ASSIST  
19 APPLICANTS WHO WISH TO ESTABLISH NEW DISTRICTS PURSUANT TO TITLE 48, CHAPTER  
20 16.

21 B. The department of health services shall establish an accounting  
22 procedure to ensure that all funds transferred pursuant to this section are  
23 maintained separately from any other funds.

24 C. The administration shall annually withdraw monies from the  
25 medically needy account in the amount necessary to reimburse the department  
26 of health services for administrative costs to implement each program  
27 established pursuant to subsection A of this section not to exceed four per  
28 cent of the amount transferred for each program.

29 D. The administration shall annually withdraw monies from the  
30 medically needy account in the amount necessary to reimburse the department  
31 of health services for the evaluations as prescribed by section 36-2907.07.

32 E. The administration shall annually report, no later than November  
33 1, to the director of the joint legislative budget committee the annual  
34 revenues deposited in the medically needy account and the estimated  
35 expenditures needed in the subsequent year to provide funding for services  
36 provided in subsection A, paragraph 1 of this section. The administration  
37 shall immediately report to the director of the joint legislative budget  
38 committee if at any time the administration estimates that the amount  
39 available in the medically needy account will not be sufficient to fund the  
40 maximum allocations established in this section.

41 Sec. 2. Section 48-2203, Arizona Revised Statutes, is amended to read:  
42 48-2203. Formation of district; district impact statement;  
43 petition; hearing; notice; definition

44 A. Any person proposing to create a district shall prepare a district  
45 impact statement and submit the statement, with the petition prescribed in

1 subsection B of this section, to the board of supervisors of the county in  
2 which the district is to be located. If a proposed district is located in  
3 more than one county, the impact statement shall be submitted to the board  
4 of supervisors of the county in which the majority of the assessed valuation  
5 of the property within the area of the proposed district is located. The  
6 boards of supervisors of any other counties in which a portion of the  
7 district is located shall provide information and assistance to the  
8 responsible board of supervisors. If the person proposing to create a  
9 district pursuant to this section is unable to complete the district impact  
10 statement, the board of supervisors may assist in the completion of the  
11 impact statement if requested to do so, provided the bond required in section  
12 48-2204 is in an amount sufficient to cover any additional cost to the  
13 county. The district impact statement shall contain at least the following  
14 information:

- 15 1. A description of the boundaries of the proposed district and a  
16 detailed, accurate map of the area to be included in the district.
- 17 2. An estimate of the assessed valuation within the proposed district.
- 18 3. An estimate of the change in the property tax liability, as a  
19 result of the proposed district, of a typical resident of the proposed  
20 district.

- 21 4. A list and explanation of benefits that will result from the  
22 proposed district.
- 23 5. A list and explanation of the injuries that will result from the  
24 proposed district.

25 B. A petition requesting that a health service district be established  
26 by the board of supervisors in the county in which the district is to be  
27 located shall be filed with the clerk of the board if signed by ten per cent  
28 of the qualified electors within the proposed district and signed by persons  
29 owning collectively more than ~~twenty-five~~ TEN per cent of the assessed  
30 valuation of the property in the area of the proposed district. The petition  
31 shall be verified by one of the petitioners and shall be accompanied by a  
32 plat or sketch indicating the approximate areas and boundaries of the  
33 district.

- 34 C. The petition shall set forth:
  - 35 1. The name of the proposed district.
  - 36 2. That the public health, comfort, convenience, necessity or welfare  
37 will be promoted by the establishment of the district.
  - 38 3. The boundaries of the district.
  - 39 4. A general outline of the facilities and services to be offered by  
40 the district.
  - 41 5. Other matters as required by this article.
- 42 D. Additional petitions with additional signatures may be filed before  
43 the hearing on the original petition and shall be considered as having been  
44 filed with the original petition.

1 E. A petition with the required number of signatures shall not be  
2 declared void on account of alleged defect, but the board of supervisors  
3 shall permit a petition to be amended in form and substance to conform to the  
4 facts and requirements of this section.

5 F. The clerk of each county shall maintain a list of property owners  
6 in the county who want to be notified of any proposed health service district  
7 affecting their current tax structure.

8 G. The petition shall be presented to the board of supervisors, and  
9 the board shall enter an order setting the time, at least three but not more  
10 than five weeks from the date of the order, at which time a hearing on the  
11 petition shall be held by the board, and directing that notice of the hearing  
12 shall be published once a week for at least two consecutive weeks before the  
13 date of the hearing in a newspaper of general circulation in the proposed  
14 district.

15 H. The clerk shall notify all property owners on the list regarding  
16 the pending hearing at least two but not more than three weeks from the date  
17 the board of supervisors ordered the hearing.

18 I. For purposes of this section "assessed valuation" does not include  
19 the assessed valuation of property that is owned by a county.

20 Sec. 3. Appropriations; purpose

21 The sum of \$1,500,000 is appropriated from the medically needy account  
22 established pursuant to section 36-774, Arizona Revised Statutes, in each of  
23 fiscal years 2001-2002 and 2002-2003 to the department of health services for  
24 capital project grants to public and private nonprofit entities that provide  
25 health services in rural areas as defined in section 36-2171, Arizona Revised  
26 Statutes, or in medically underserved areas as prescribed in section 36-2352,  
27 Arizona Revised Statutes, including the purchase, lease, lease-purchase,  
28 construction, establishment or equipping a medical clinic or  
29 clinics. Capital projects may include the purchase or lease of land,  
30 buildings, mobile medical or dental clinics, equipment and furnishings, and  
31 other costs associated with the construction, expansion or renovation of  
32 facilities to expand primary care or dental services as provided by section  
33 36-774, subsection C, paragraph 1, Arizona Revised Statutes. The maximum  
34 amount of any medical capital project grant is \$500,000. The maximum amount  
35 of any dental capital project is \$350,000. The department of health services  
36 shall give preference to applicants that serve rural areas as defined in  
37 section 36-2171, Arizona Revised Statutes, for one-half of the sum  
38 transferred in each fiscal year. When reviewing the applications for rural  
39 areas, the department of health services shall give highest preference to  
40 applicants that serve medically underserved areas and that provide matching  
41 or in-kind contributions. The department of health services shall avoid  
42 duplication of capital project components that are funded pursuant to section  
43 36-2907.05, Arizona Revised Statutes. A recipient is eligible for only one  
44 capital project grant in any two-year period and is limited to the maximum  
45 of two capital project grants pursuant to this section.

1           Sec. 4. Appropriations; purpose

2           The sum of \$1,500,000 is appropriated from the medically needy account  
3 established by section 36-774, Arizona Revised Statutes, in each of fiscal  
4 years 2001-2002 and 2002-2003 to the department of health services for  
5 capital project grants to public and private nonprofit hospitals that provide  
6 health care services in rural areas as defined in section 36-2171, Arizona  
7 Revised Statutes, or in medically underserved areas as prescribed in section  
8 36-2352, Arizona Revised Statutes. Capital projects may include the purchase  
9 or lease of land, buildings, equipment and furnishings, and other costs  
10 associated with the construction, expansion or renovation of facilities to  
11 expand health care services as provided by section 36-774, subsection C,  
12 paragraph 1, Arizona Revised Statutes. The department of health services  
13 shall give preference to applicants that serve rural areas as defined in  
14 section 36-2171, Arizona Revised Statutes, for one-half of the sum  
15 transferred in each fiscal year. When reviewing the applications for rural  
16 areas, the department of health services shall give highest preference to  
17 applicants that serve medically underserved areas and that provide matching  
18 or in-kind contributions.

APPROVED BY THE GOVERNOR MAY 8, 2001.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 8, 2001.



Passed the House March 19, 2001,

Passed the Senate On reconsideration April 30, 2001,

by the following vote: 49 Ayes,

by the following vote: 27 Ayes,

7 Nays, 4 Not Voting

2 Nays, 1 Not Voting

Jake Flake

Speaker of the House  
*Pro Tempore*

Robert F. Anderson

President of the Senate

Norman L. Moore  
Chief Clerk of the House

Charmian Billington  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

           day of           , 20  ,

at            o'clock            M.

            
Secretary to the Governor

Approved this            day of

          , 20  ,

at            o'clock            M.

            
Governor of Arizona

H.B. 2459

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State  
this            day of           , 20  ,

at            o'clock            M.

            
Secretary of State

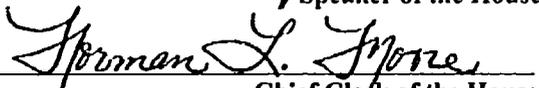
HOUSE CONCURS IN SENATE  
AMENDMENTS AND FINAL PASSAGE

May 02, 2001,

by the following vote: 51 Ayes,

5 Nays, 4 Not Voting

  
Speaker of the House

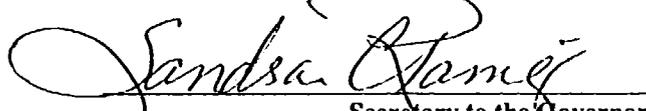
  
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

2 day of May, 2001,

at 2:18 o'clock P M.

  
Secretary to the Governor

Approved this 8 day of

May, 2001,

at 3:36 o'clock P M.

  
Governor of Arizona

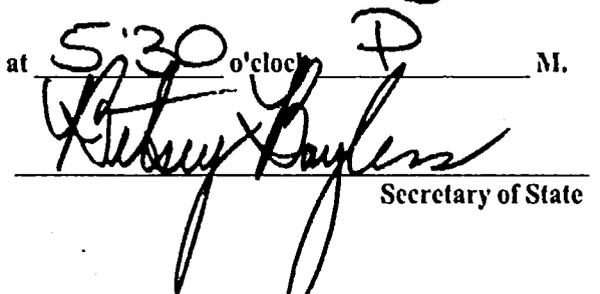
H.B. 2459

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 8 day of May, 2001,

at 5:30 o'clock P M.

  
Secretary of State